In the Supreme Court of the United States

OCTOBER TERM, 1967

No. 1338

AMP INCORPORATED, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

MEMORANDUM FOR THE UNITED STATES IN OPPOSITION

In May 1950, petitioner entered into a contract with the United States for the research and development of a tool for splicing electrical wires (Pet. App. B-2). Petitioner agreed to grant to the government "an irrevocable * * * license" to use "any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice * * * in the performance of the experimental, developmental or research work called for under this contract" (Pet. App. B-3).

During the course of the performance of the contrat, an employee of petitioner, Mr. Byrem, did develop a wire-splicing device. A patent application for this tool was filed on August 25, 1952 (Pet. App. B-2). In accordance with the contract terms, the government was given a royalty-free license to practice the invention which is the subject to the Byrem patent (Pet. App. B-4).

In June 1953 performance under the contract was completed (Pet. App. B-2). At approximately the same time, petitioner "discovered" that a patent filed in 1946 and issued in 1952, known as the Vinson patent, allegedly dominated the Byrem patent. On November 4, 1953, petitioner acquired the Vinson patent (Pet. App. B-4). Subsequently, petitioner prosecuted successfully its application for the Byrem patent, which was issued in November 1955 (Pet. App. B-2, n. 2).

Subsequent to these events, the government has continued to purchase and use wire-splicing tools identical in structure to the disclosure of the Byrem patent (Pet. App. B-4). In January 1965, petitioner brought this suit in the Court of Claims asserting that the United States, by using the tool disclosed by Byrem, was infringing the Vinson patent which it now owned. That court found that the government "is licensed by implication" to avail itself of the Vinson patent, and accordingly dismissed the action (Pet. App. B-15).

1. Despite petitioner's contention that a number of broad questions are presented in the instant case (see Pet. 5), the Court of Claims accurately stated "that

the issue is simply whether [the government] is licensed by implication under the dominant Vinson Patent in view of the express license granted under the dominated Byrem Patent" (Pet. App. B-5). Viewing the case in this light, it is clear that the decision below was correct, and that further review is not warranted.

In the first place, it is petitioner, not the government, which seeks to avoid and ignore the plain language of the contract. Petitioner expressly agreed to grant the United States an irrevocable license to use, royalty-free, "any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice * * *" in the performance of the work under the contract. The present suit is based upon an alleged infringement of the Vinson patent by virtue of the government's use of Byrem's invention. Petitioner's unqualified agreement was to license the government to use Byrem's discovery without charge—whether or not that discovery was patentable. The contract lacks the restriction which petitioner attempts to read into it; it does not state that petitioner shall grant the government a license to use Byrem's invention without charge "except insofar as the use of Byrem's invention may infringe a patent which AMP, Inc., later acquires." [1]

[1] The fact that the government is given a license to practice Byrem's invention or discovery, *"whether or not patentable,"* seems significant. One reason why a discovery might prove unpatentable, of course, is that existing patents might wholly or partially dominate it. The gist of this contract is that, as far as the contractor is concerned, the government may nonetheless use the discovery without any charge above the contract price.

In short, the terms of this particular contract do not permit petitioner—under any guise—to assess a second charge, in addition to the contract price already paid, against the United States for using Byrem's device.

2. Moreover, as the Court of Claims also held (Pet. App. B-5—B-10), petitioner is estopped from maintaining this action. It has long been settled, for obvious reasons, that "[a] patentee cannot sell his rights to another, and buy or obtain control of an older patent, and through such older patent, dispossess his assignee of the full benefit of what he purchased." *United Printing Machinery Co.* v. *Cross Paper Feeder Co.*, 220 Fed. 322, 324 (D. Mass.); *Frederick B. Stevens, Inc.* v. *Steel & Tubes, Inc.*, 114 F. 2d 815, 819-820 (C.A. 6); *Scovill Mfg. Co.* v. *Radio Corp. of America*, 9 F. Supp. 239, 241 (S.D.N.Y.).

Petitioner, while not denying the inequity of its position, insists that the contract permits it freely to undercut the license it has granted the United States by suing on the later-acquired dominant patent. For this contention, petitioner invokes the provision (Pet. App. C-2) that "[n]othing contained in this paragraph shall be deemed to grant any license under any invention other than a Subject Invention." Relying on this provision, petitioner reasons that it is free to render its own grant of a license illusory, for otherwise the government would have an "implied license" in the Vinson patent, an "invention other than a Subject Invention." That issomething, petitioner says, which the contract does not permit.

Petitioner's reading of the contract is again untenable. Contracts are not usually construed in a manner so that one subsidiary clause allows—or indeed encourages—a party to take away at will what he has otherwise granted. The clause invoked by petitioner was obviously designed merely to insure that the government did not obtain free usage of petitioner's property beyond the bounds of inventions, such as Byrem's, made during the course of contract performance. That subsidiary clause was hardly intended to deny the government an implied license in the dominant patent, or to negate the settled principle of equitable estoppel here correctly applied by the Court of Claims.[2]

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[2] Petitioner plainly misreads the decision below in asserting (Pet. 4) that "the Court of Claims has held that any grant of a patent license to the Government automatically carries with it a license under all other patents owned or subsequently acquired by the licensor." Even a cursory reading of the court's opinion discloses that the rationale relied upon was a significantly narrower one.

Petitioner also is incorrect in asserting that (Pet. 9-10) the government's position here and the decision below are inconsistent with the construction of the contract rendered by the Armed Services Patent Policy Review Board. In stating that the government does not obtain a license under dominant patents, the Board obviously did not advise contractors that they could undercut licenses granted to the government, and charge the government a second time for using the same invention (*e.g.*, here Byrem's invention). No reasonable contractor could have so thought. Moreover, in so contending, petitioner quotes the statement of the Board (Pet. App. F-2—F-3) out of context (Pet. 10), by omitting any reference to the immediately preceding sentence. Considering that sentence as well, it should be noted that the government is *not* here utilizing the invention (*i.e.*, the discovery of Byrem) "in a device

For the reasons stated, the petition for a writ of certiorari should be denied.

Respectfully submitted.

ERWIN N. GRISWOLD,
Solicitor General.

MAY 1968.

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or process which also utilizes an invention disclosed in a dominant patent of the contractor" (Pet. App. F-2—F-3). Rather, the government is using Byrem's invention in a form fully disclosed by the Byrem patent alone (see Pet. App. B-11).

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